

_____ BILL NO. _____

INTRODUCED BY _____
(Primary Sponsor)

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A STATEWIDE AND LOCAL INCUMBENT WORKER TRAINING PROGRAM; FUNDING THE INCUMBENT WORKER TRAINING PROGRAMS WITH UNEMPLOYMENT INSURANCE ASSESSMENTS; ALLOCATING THE ASSESSMENTS TO THE DEPARTMENT OF COMMERCE; AMENDING SECTIONS 39-51-404 AND 39-51-1218, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Purpose. (1) The statewide and local incumbent worker training programs are created for the purpose of providing grant funding for continuing education and training of employed workers of businesses located in this state. The programs must provide reimbursement grants to businesses that pay preapproved, direct, training-related costs.

(2) The department of commerce shall establish guidelines for the selection of businesses eligible to receive funding. A minimum of 50% of the funds available pursuant to 39-51-404 must be allocated to the two existing local workforce investment boards provided for in 53-2-1204 for incumbent worker training. The department of commerce shall determine the funds available to the local boards on an annual basis using a formula developed by the department after consultation with the local boards.

NEW SECTION. Section 2. Statewide incumbent worker training program. (1) The department of commerce is responsible for contracting with local businesses for incumbent worker training with respect to funds to be administered through the department.

(2) Eligible business applicants should meet one or more of the following criteria:

- (a) be a value-adding business as defined by the state board of investments;
- (b) have at least 50% of its business revenue originate from outside Montana;
- (c) have at least 10 full-time employees;
- (d) demonstrate a significant positive economic impact to the region beyond the job creation involved;
- (e) not compete locally or regionally with existing businesses in a way that could result in a negative

1 impact on the existing businesses;

2 (f) provide a service or function that is essential to the locality or the state; or

3 (g) if the applicant is a new business locating in Montana that meets at least one of the criteria in
4 subsections (2)(a) through (2)(f), not displace any existing workers in the area.

5 (3) For-profit and nonprofit hospitals and medical centers that provide a variety of medical services for
6 the community or region in urban and rural areas are eligible to apply for incumbent worker training funds.

7
8 **NEW SECTION. Section 3. Local incumbent worker training program.** (1) The local workforce
9 investment boards provided for in 53-2-1204 are responsible for contracting with local businesses for incumbent
10 worker training and for implementing the use of the funds made available to the local boards. The local boards
11 may combine state funds with local funds to the extent training is needed and the use of the funds is an
12 allowable local expenditure.

13 (2) To be eligible for the local incumbent worker training program's grant funding, a business must:

14 (a) have been in operation in Montana for a minimum of 1 year prior to the application for grant funding;

15 (b) have at least one full-time employee;

16 (c) demonstrate financial viability; and

17 (d) be current on all state tax obligations.

18 (3) Priority for funding must be given to businesses whose grant proposals represent a significant
19 upgrade in employee skills, present an opportunity for expansion of the business, or represent a significant
20 employee layoff avoidance strategy.

21 (4) The program may not reimburse businesses for trainee wages, the purchase of capital equipment,
22 or the purchase of any item or service that may possibly be used outside the training project.

23 (5) A business approved for a grant may be reimbursed for preapproved, direct, training-related costs,
24 including but not limited to:

25 (a) instructor wages, per diem, and travel expenses;

26 (b) tuition and fees;

27 (c) books and classroom materials;

28 (d) lease payments for training equipment and training space;

29 (e) in-house or on-the-job training costs;

30 (f) subcontracted services with a training provider;

(g) curriculum development and reasonable overhead; and

(h) indirect costs not to exceed 5% of the grant amount.

(6) A business that is selected to receive grant funding shall:

(a) sign an agreement with the local board to complete the training project as proposed in the application;

(b) keep accurate records of the project's implementation process; and

(c) submit reimbursement requests with required documentation.

(7) Local program grant projects must be performance-based with specific measurable performance outcomes, including completion of the training project. The local board may withhold up to 10% of the total payment to the business until all performance criteria specified in the agreement between the business and the local board have been achieved.

Section 4. Section 39-51-404, MCA, is amended to read:

"39-51-404. Administrative expenses -- incumbent worker training fund. (1) Money credited to the account of this state in the unemployment trust fund by the secretary of the treasury of the United States pursuant to sections 903 and 904 of the Social Security Act (42 U.S.C. 1103 and 1104), as amended, may be requisitioned and used for the payment of expenses incurred for the administration of this chapter pursuant to a specific appropriation by the legislature if the expenses are incurred and the money is requisitioned after the enactment of an appropriation law that:

(a) specifies the purposes for which the money is appropriated and the amounts appropriated; and

(b) limits the amount that may be used during any 12-month period beginning on July 1 and ending on the next June 30 to an amount not exceeding the amount by which the aggregate of the amounts credited to the account of this state pursuant to sections 903 and 904 of the Social Security Act (42 U.S.C. 1103 and 1104), as amended, during the same 12-month period and the 34 preceding 12-month periods exceeds the aggregate of the amounts used pursuant to this section and charged against the amounts credited to the account of this state during any of the 35 12-month periods.

(2) For the purposes of this section, amounts used during any 12-month period must be charged against equivalent amounts that were first credited and that are not already charged, except that an amount used for administration during any 12-month period may not be charged against any amount credited during a 12-month period earlier than the 34th preceding period. Money requisitioned for the payment of expenses of administration

1 pursuant to this section must be deposited in the unemployment insurance administration account but, until
2 expended, must remain a part of the unemployment insurance fund.

3 (3) The department shall maintain a separate record of the deposit, obligation, expenditure, and return
4 of funds deposited. If any money deposited is for any reason not to be expended for the purpose for which it was
5 appropriated or if it remains unexpended at the end of the period specified by the law appropriating the money,
6 it must be withdrawn and returned to the secretary of the treasury of the United States for credit to this state's
7 account in the unemployment trust fund.

8 (4) (a) An assessment in an amount specified in subsections (4)(b) and (4)(c) equal to 0.13% of all
9 taxable wages provided for in 39-51-1108 and 0.05% of total wages paid by employers not covered by an
10 experience rating must be levied against and paid by all employers. All Except as provided in subsection (4)(b),
11 all assessments and investment income must be deposited in the employment security account provided for in
12 39-51-409.

13 (b) (i) An amount equal to 0.14% of all taxable wages provided for in 39-51-1108 must be assessed
14 against employers subject to the schedules of contribution rates provided for in 39-51-1218 and for new
15 employers subject to 39-51-1217(4).

16 (ii) Money collected pursuant to subsection (4)(b)(i) must be allocated to the department of commerce
17 to provide incumbent worker training in an amount not to exceed the dollar equivalent of 0.01% of the taxable
18 wages referenced in subsection (4)(b)(i), less a pro rata share of uncollected assessments.

19 (iii) Money allocated pursuant to this subsection may only be used to provide incumbent worker training
20 and must be transferred by the department into the incumbent worker training account provided for in subsection
21 (5).

22 (c) An amount equal to 0.05% of total wages paid by experience-rated governmental entities provided
23 for in 39-51-1212, governmental entities as defined in 39-51-1121, and employers electing to make payments
24 in lieu of contributions as provided in 39-51-1124 must be levied against and paid by the governmental entities
25 and employers referred to in this subsection (4)(c).

26 (5) There is created an account in the employment security account known as the incumbent worker
27 training account. The department shall deposit money collected pursuant to subsection (4)(b) into the incumbent
28 worker training account on a monthly basis. The department shall make funds available to the department of
29 commerce from the incumbent worker account to the extent that there is money in the account."

Section 5. Section 39-51-1218, MCA, is amended to read:

"39-51-1218. Rate schedules.

SCHEDULES OF CONTRIBUTION RATES - Part I

	Sched. I	Sched. II	Sched. III	Sched. IV
Minimum Ratio of Fund to Total Wages				
	(.0245)	(.0225)	(.0200)	(.0170)
Average Tax Rate	1.37	1.57	1.77	1.97
Rate Class	Contribution Rates for Eligible Employers			
1	0.00%	0.07%	0.27%	0.47%
2	0.07	0.27	0.47	0.67
3	0.27	0.47	0.67	0.87
4	0.47	0.67	0.87	1.07
5	0.67	0.87	1.07	1.27
6	0.87	1.07	1.27	1.47
7	1.07	1.27	1.47	1.67
8	1.27	1.47	1.67	1.87
9	1.47	1.67	1.87	2.07
10	1.67	1.87	2.07	2.27
Rate Class	Contribution Rates for Deficit Employers			
1	3.17%	3.37%	3.57%	3.77%
2	3.37	3.57	3.77	3.97
3	3.57	3.77	3.97	4.17
4	3.77	3.97	4.17	4.37
5	3.97	4.17	4.37	4.57
6	4.17	4.37	4.57	4.77
7	4.37	4.57	4.77	4.97
8	4.57	4.77	4.97	5.17
9	4.77	4.97	5.17	5.37
10	6.37	6.37	6.37	6.37

SCHEDULES OF CONTRIBUTION RATES - Part II

Sched.	Sched.	Sched.	Sched.	Sched.	Sched.
V	VI	VII	VIII	IX	X
(.0135)	(.0095)	(.00575)	(.0050)	(....)	(....)
2.17	2.37	2.57	2.77	2.97	3.17

Contribution Rates for Eligible Employers

0.67%	0.87%	1.07%	1.27%	1.47%	1.67%
0.87	1.07	1.27	1.47	1.67	1.87
1.07	1.27	1.47	1.67	1.87	2.07
1.27	1.47	1.67	1.87	2.07	2.27
1.47	1.67	1.87	2.07	2.27	2.47
1.67	1.87	2.07	2.27	2.47	2.67
1.87	2.07	2.27	2.47	2.67	2.87
2.07	2.27	2.47	2.67	2.87	3.07
2.27	2.47	2.67	2.87	3.07	3.27
2.47	2.67	2.87	3.07	3.27	3.47

Contribution Rates for Deficit Employers

3.97%	4.17%	4.37%	4.57%	4.77%	4.97%
4.17	4.37	4.57	4.77	4.97	5.17
4.37	4.57	4.77	4.97	5.17	5.37
4.57	4.77	4.97	5.17	5.37	5.57
4.77	4.97	5.17	5.37	5.57	5.77
4.97	5.17	5.37	5.57	5.77	5.97
5.17	5.37	5.57	5.77	5.97	6.17
5.37	5.57	5.77	5.97	6.17	6.37
5.57	5.77	5.97	6.17	6.37	6.37
6.37	6.37	6.37	6.37	6.37	6.37

1	<u>Average Tax Rate</u>	<u>1.35</u>	<u>1.55</u>	<u>1.75</u>	<u>1.95</u>
2	<u>Rate Class</u>	<u>Contribution Rates for Eligible Employers</u>			
3	<u>1</u>	<u>0.00%</u>	<u>0.05%</u>	<u>0.25%</u>	<u>0.45%</u>
4	<u>2</u>	<u>0.05</u>	<u>0.25</u>	<u>0.45</u>	<u>0.65</u>
5	<u>3</u>	<u>0.25</u>	<u>0.45</u>	<u>0.65</u>	<u>0.85</u>
6	<u>4</u>	<u>0.45</u>	<u>0.65</u>	<u>0.85</u>	<u>1.05</u>
7	<u>5</u>	<u>0.65</u>	<u>0.85</u>	<u>1.05</u>	<u>1.25</u>
8	<u>6</u>	<u>0.85</u>	<u>1.05</u>	<u>1.25</u>	<u>1.45</u>
9	<u>7</u>	<u>1.05</u>	<u>1.25</u>	<u>1.45</u>	<u>1.65</u>
10	<u>8</u>	<u>1.25</u>	<u>1.45</u>	<u>1.65</u>	<u>1.85</u>
11	<u>9</u>	<u>1.45</u>	<u>1.65</u>	<u>1.85</u>	<u>2.05</u>
12	<u>10</u>	<u>1.65</u>	<u>1.85</u>	<u>2.05</u>	<u>2.25</u>
13	<u>Rate Class</u>	<u>Contribution Rates for Deficit Employers</u>			
14	<u>1</u>	<u>3.15%</u>	<u>3.35%</u>	<u>3.55%</u>	<u>3.75%</u>
15	<u>2</u>	<u>3.35</u>	<u>3.55</u>	<u>3.75</u>	<u>3.95</u>
16	<u>3</u>	<u>3.55</u>	<u>3.75</u>	<u>3.95</u>	<u>4.15</u>
17	<u>4</u>	<u>3.75</u>	<u>3.95</u>	<u>4.15</u>	<u>4.35</u>
18	<u>5</u>	<u>3.95</u>	<u>4.15</u>	<u>4.35</u>	<u>4.55</u>
19	<u>6</u>	<u>4.15</u>	<u>4.35</u>	<u>4.55</u>	<u>4.75</u>
20	<u>7</u>	<u>4.35</u>	<u>4.55</u>	<u>4.75</u>	<u>4.95</u>
21	<u>8</u>	<u>4.55</u>	<u>4.75</u>	<u>4.95</u>	<u>5.15</u>
22	<u>9</u>	<u>4.75</u>	<u>4.95</u>	<u>5.15</u>	<u>5.35</u>
23	<u>10</u>	<u>6.35</u>	<u>6.35</u>	<u>6.35</u>	<u>6.35</u>

24 SCHEDULES OF CONTRIBUTION RATES - Part II

25	<u>Sched.</u>	<u>Sched.</u>	<u>Sched.</u>	<u>Sched.</u>	<u>Sched.</u>	<u>Sched.</u>
26	<u>V</u>	<u>VI</u>	<u>VII</u>	<u>VIII</u>	<u>IX</u>	<u>X</u>
27	<u>(.0135)</u>	<u>(.0095)</u>	<u>(.00575)</u>	<u>(.0050)</u>	<u>(....)</u>	<u>(....)</u>
28	<u>2.15</u>	<u>2.35</u>	<u>2.55</u>	<u>2.75</u>	<u>2.95</u>	<u>3.15</u>
29	<u>Contribution Rates for Eligible Employers</u>					
30	<u>0.65%</u>	<u>0.85%</u>	<u>1.05%</u>	<u>1.25%</u>	<u>1.45%</u>	<u>1.65%</u>

1	<u>0.85</u>	<u>1.05</u>	<u>1.25</u>	<u>1.45</u>	<u>1.65</u>	<u>1.85</u>
2	<u>1.05</u>	<u>1.25</u>	<u>1.45</u>	<u>1.65</u>	<u>1.85</u>	<u>2.05</u>
3	<u>1.25</u>	<u>1.45</u>	<u>1.65</u>	<u>1.85</u>	<u>2.05</u>	<u>2.25</u>
4	<u>1.45</u>	<u>1.65</u>	<u>1.85</u>	<u>2.05</u>	<u>2.25</u>	<u>2.45</u>
5	<u>1.65</u>	<u>1.85</u>	<u>2.05</u>	<u>2.25</u>	<u>2.45</u>	<u>2.65</u>
6	<u>1.85</u>	<u>2.05</u>	<u>2.25</u>	<u>2.45</u>	<u>2.65</u>	<u>2.85</u>
7	<u>2.05</u>	<u>2.25</u>	<u>2.45</u>	<u>2.65</u>	<u>2.85</u>	<u>3.05</u>
8	<u>2.25</u>	<u>2.45</u>	<u>2.65</u>	<u>2.85</u>	<u>3.05</u>	<u>3.25</u>
9	<u>2.45</u>	<u>2.65</u>	<u>2.85</u>	<u>3.05</u>	<u>3.25</u>	<u>3.45</u>
10	<u>Contribution Rates for Deficit Employers</u>					
11	<u>3.95%</u>	<u>4.15%</u>	<u>4.35%</u>	<u>4.55%</u>	<u>4.75%</u>	<u>4.95%</u>
12	<u>4.15</u>	<u>4.35</u>	<u>4.55</u>	<u>4.75</u>	<u>4.95</u>	<u>5.15</u>
13	<u>4.35</u>	<u>4.55</u>	<u>4.75</u>	<u>4.95</u>	<u>5.15</u>	<u>5.35</u>
14	<u>4.55</u>	<u>4.75</u>	<u>4.95</u>	<u>5.15</u>	<u>5.35</u>	<u>5.55</u>
15	<u>4.75</u>	<u>4.95</u>	<u>5.15</u>	<u>5.35</u>	<u>5.55</u>	<u>5.75</u>
16	<u>4.95</u>	<u>5.15</u>	<u>5.35</u>	<u>5.55</u>	<u>5.75</u>	<u>5.95</u>
17	<u>5.15</u>	<u>5.35</u>	<u>5.55</u>	<u>5.75</u>	<u>5.9</u>	<u>6.15</u>
18	<u>5.35</u>	<u>5.55</u>	<u>5.75</u>	<u>5.95</u>	<u>6.15</u>	<u>6.35</u>
19	<u>5.55</u>	<u>5.75</u>	<u>5.95</u>	<u>6.15</u>	<u>6.35</u>	<u>6.35</u>
20	<u>6.35</u>	<u>6.35</u>	<u>6.35</u>	<u>6.35</u>	<u>6.35</u>	<u>6.35"</u>

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22 **NEW SECTION. Section 6. Codification instruction.** [Sections 1 through 3] are intended to be

23 codified as an integral part of Title 53, chapter 2, and the provisions of Title 53, chapter 2, apply to [sections 1

24 through 3].

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26 **NEW SECTION. Section 7. Effective date.** [This act] is effective January 1, 2006.

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28 **NEW SECTION. Section 8. Applicability.** [This act] applies to assessments for report periods

29 beginning on or after January 1, 2006.

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